



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 8/17/1998

GAIN Report #CH8820

China, Peoples Republic of

Dining with the Shanghainese

1998

Prepared by:

Scott Reynolds

Agricultural Trade Office

U.S. Consulate General, Shanghai

Drafted by:

Mabel Zhuang

Report Highlights:

As the largest metropolis in China, Shanghai is a trend setter for the nation's food consumption. Thus, it is valuable for food industry analysts to examine Shanghainese eating habits. A brief look at breakfast, lunch, and dinner, as well as snack foods, reveals greater interest and demand for healthy and convenient foods, including a distinct preference for seafood.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Shanghai ATO [CH2], CH

Introduction	Page 2 of 7
Household Appliances Available in the Kitchen	Page 2 of 7
Food Available at Home	Page 2 of 7
Three Meals a Day	Page 3 of 7
Breakfast	Page 4 of 7
Lunch	Page 5 of 7
Dinner	Page 6 of 7
In-Between Meals (Snacks)	Page 6 of 7
Out of the Kitchen	Page 7 of 7
Conclusion	Page 7 of 7

Introduction

While Chinese are world-famous for their culinary arts, Shanghainese are nation-famous for their fine tastes for food. Recognized as the most international Chinese city, Shanghai continues to set the dining, fashion, and lifestyle trends for East China as well as many inland provinces. Following Cantonese dishes, Shanghainese dishes are becoming increasingly popular throughout China. It may be useful to learn what Shanghai's 16 million residents eat every day and how they prepare their meals. Let us first take a look at a typical Shanghai kitchen:

Household Appliances Available in the Kitchen

Due to housing scarcity, a kitchen in Shanghai normally covers an area of only 2-3 square meters. Small as it is, the leading expenditure of more than half of the Shanghai households is spent in the kitchen. If housing can be improved, most of the residents consider a space of 5-square-meters to be enough. Unlike the Western style kitchen, few Shanghai kitchens are open. Traditional Chinese cuisine involves sauteing, frying, and steaming which produce a lot of black smoke, so the kitchen must be separated from the living room. When cooking, one should close the door and open the window.

From the early 1990's, exhaust fans have been installed in kitchens for ventilation. They are now viewed as a household necessity. Another necessary appliance is the rice-cooker. This is used by most families to conveniently cook the Shanghainese staple food. Other dishes are made in a wok on a gas stove. Other important household appliances include refrigerators and microwave ovens. Almost every Shanghai family owns a refrigerator which contains a large amount of frozen meat and seafood, milk, drinks, vegetables and fruits. New refrigerators will be larger in size and include special features. Microwave oven ownership has increased from zero to more than 60% during the past five years. However, there is no indication that Western-style, convection oven ownership will follow this trend. Western-style oven ownership remained at 7% from 1993 to 1997. The two primary reasons are: Chinese cooking seldom requires an oven and most Chinese kitchens lack the needed space. The dish sterilizer is a new entry into some relatively large kitchens, and more Shanghainese are considering purchasing one in the future. This trend reveals that Shanghainese have increasing concerns about sanitation (*For more information, please see our "refrigerator" and "microwave oven" market briefs, CH7848 and CH8801, respectively.*).

Food Available at Home

The staple food of Shanghainese and Southerners is rice, while in the North it tends to be noodles produced from wheat flour. Rice is so essential to the Chinese that there is a government-sponsored project called the "Rice Bag Project" to guarantee the grain supply. About a decade ago, residents had to go to the oil and grain stores (state-owned stores specialized in grain and cooking oil) to purchase rice with grain coupons. The monthly ration of rice then was 30 kilograms per person. Now rice can be bought freely in the wet market, while some residents prefer to purchase packaged rice with a brand name in the supermarket. Another significant change is that monthly rice consumption has fallen sharply to 5.7 kilograms per person in 1997, only three fifths of the average consumption in the 1980's.

Next to rice, cooking oil is also a commonly used food item in the home. Cooking oil is used in large quantities, because most of the homemade dishes are either sauteed or fried first. Shanghainese prefer vegetable oils (soybean oil, rapeseed oil) over animal oils (lard and tallow), because they believe the former contain less

fat and are healthier. In traditional oil and grain shops, and “mom and pop” shops, cooking oil is sold in bulk, while in supermarkets it is sold by the barrel or bottle with a brand name.

Shanghai people now consume less staple food but more vegetables and aquatic products. In 1997, an urban household member consumed an average 20.16 kilos of meat (including pork, beef and mutton), 13.8 kilos of poultry, 12 kilos of eggs, 24.8 kilos of fish and shrimp, and 100.7 kilos of vegetables a year. To guarantee sufficient non-staple food supplies for local residents, Shanghai municipal government also has launched “The Vegetable Basket Project.” Hundreds of greenhouses, hog farms, poultry farms, dairy farms, and fish farms have been set up in surrounding counties. Last year 15 hectares of glass greenhouses were introduced from Holland and Israel to produce high quality vegetables. The production capacity of these modern greenhouses is estimated to be three times that of the ordinary greenhouse.

One notable trend is the rapid increase in seafood consumption in recent years. Prior to 1993, red meat (pork, beef and mutton) consumption was the clear market leader. Since 1994, seafood consumption has caught up. In 1994 and 1995, per capital consumption of seafood was 20.4 kilos and 21.6 kilos a year, respectively, the same as that of red meat consumption. In 1996, seafood consumption surpassed red meat consumption for the first time. In 1997, average seafood consumption reached 24.6 kilos, while red meat consumption slightly decreased to 20.16 kilos. Shanghainese however consume far more aquatic products than consumers nationwide (24.8 kilos versus 9.25 kilos). In Shanghai, 794 tons of seafood are consumed each day!

Shanghainese like to eat fish for three reasons. First, seafood is regarded as more healthy and nutritious than red meat which is perceived to contain too much fat. Second, there are far more varieties of seafood than that of meat. In the market varieties range from crab to squid and from shrimp to eel. Third, many types of seafood are sold at reasonable prices, especially those which are “farm raised (aquaculture)”. These can be purchased even cheaper than pork. Of course, there are expensive, imported fish which tend to cater to the high end markets.

In the past, the products listed above were only available in wet markets. Even today, Shanghainese still frequent open air markets an average of 23.5 visits per month. In wet markets, vegetables, meat, and fish are usually sold fresh (or live). The freshness and relatively low prices may explain why Shanghainese frequent wet markets despite the noise and the filth. Due to sanitary concerns and other administrative problems, the city has decided to phase out the traditional wet markets and encourage supermarkets to sell vegetables. Thus, fresh produce has found its way into most supermarkets during the past two years. In some foreign invested supermarkets, like Carrefour and Metro, the fresh produce section accounts for more than one third of the total operating areas. Frozen food, dim sum, meat, microwave food, and packaged precooked foods are also selling well in the supermarkets (*For more information, please see our “frozen food” and “vegetable” market briefs, CH7826 and CH7824, respectively.*).

Food ingredients available in a Shanghai kitchen represent a mixture of the traditional and modern. Raw ingredients like green Chinese onion and ginger still play an important role in most dishes. They are mainly purchased in the wet market at a reasonable price. Other necessities include soy sauce, vinegar, sugar, yellow rice wine (used to get rid of the strong smell of fish or meat). Some families have started using hot sauce and tomato sauce to add flavor to their dishes. In the food ingredient category, domestic goods dominate, while some foreign invested companies are making inroads. For example, McCormick is quite a success story (*For more information, please see our “Food Ingredients in China” market brief, CH7847.*).

Three Meals a Day

Breakfast:

Rice gruel (porridge) accompanied by pickles is the typical Shanghai breakfast. Home-made rice gruel is the number one choice, though Western breakfast cereal is regarded as a good substitute now. More than half of Shanghainese have breakfast cereal available at home, most of which is instant oatmeal. People believe that instant oatmeal is more nutritious and easier to prepare than rice gruel. It seems then that Quaker made a good decision to establish a joint-venture in China. Chinese pickles are traditionally preserved vegetables, such as pickled cucumbers and dried radishes. Some Eastern cities like Yangzhou and Changzhou are famous for pickles. On the whole, mainland products still prevail, but some Taiwanese varieties are gaining popularity for their fine quality and taste.

Milk has become commonplace on the breakfast table. 71% of Shanghainese have fresh milk available at home, contrasted with only 20% nationwide. Fresh milk can be ordered monthly and delivered to the house in the early morning. Shanghai Dairy Corporation currently enjoys a 90% market share. Imported UHT milk from Australia and New Zealand is available at some higher-end supermarkets, but few Shanghainese purchase the product regularly due to the high price. Boiling an egg in milk is a popular way to consume milk. This is believed to add more nutritional value. Another idiosyncrasy is that 30% of Shanghai families have yogurt at home. Newspapers and advertisements keep saying that yogurt is more nutritious than milk and especially good for children. As a result, more people are consuming yogurt regardless of its high price. Three major brands are sharing the market: “Bright” by Shanghai Dairy Corporation, “Yoplait” by International Nutrition Co., Ltd. (a wholly owned Danish manufacturer), and “Danone” by a Joint-venture between Danone Group and Shanghai Dairy Corporation. International Nutrition Co., Ltd. indicates that they are doing fine, but it will take years to gain substantial profits.

Many people like to have morning dim sum (Zaodian) at breakfast. Various Chinese dim sums, such as steamed buns, wantons, dumplings, and pancakes are sold in small eating houses or by street peddlers at a cheap price. It is typical of Shanghainese to buy dim sum for the whole family on their way back from the wet market in the morning. An alternative is to purchase frozen dim sum from the supermarket. Also, many Shanghainese are very fond of Western baked goods. These breads and cakes are normally bought the day before from numerous bakeries dotting the city. Foreign-invested chain stores, such as Croissants de France and Chantilly, are attracting more customers by offering variety, unique recipes, and high quality. Some Shanghainese enjoy biscuits and crackers. For example, three varieties of biscuits produced in China by Nabisco are very popular on Shanghainese breakfast tables.

According to a recent survey, 78.8% respondents eat breakfast at home, the rest either gulp down something on the way to work or simply do not have breakfast at all. The incidence of a person having breakfast at home correlates with age, marriage and income. Unmarried young people with high incomes are most likely not to eat breakfast at home. It is quite convenient for them to have some dim sum in the eating houses or take away the dim sum and eat in their office. Some will also buy bread and milk in bake shops on the way to work. Knowing that more youngsters are having breakfast outside home, some fast food chains have begun to offer breakfast packages with high sanitary standards albeit at relatively high prices. McDonald's, for example, offered pancakes and sausage in some Shanghai restaurants in 1996-1997, but they discovered the hard way that few Shanghainese are willing to pay roughly RMB 8-10 for a Western breakfast when Chinese buns and pancakes are widely available for less than half the price.

Generally speaking, Shanghainese are able to enjoy a big breakfast with many choices at a reasonable price

(ranging from RMB 2.5 to RMB 5.0). Having realized the importance of breakfast for health, Shanghainese are eating more nutritious healthier foods. And for the sake of convenience, some have begun to enjoy breakfast outside of the home.

Lunch:

In contrast to breakfast, lunch can be a headache for almost everyone who works away from home. Since it normally takes more than one hour for a Shanghainese to go to work by bus, one must eat their lunch in the work place. Most government organizations, big factories, and schools are running staff canteens which provide rice, dishes, and soups during lunch. However, few people are satisfied with the quality of this food. Due to the fact that these canteens are subsidized, their workers lack incentive to provide good food and good service. When a staff canteen is run privately it becomes primarily concerned with profits, often selling low quality food at high prices. They can, and do, take the advantage of their fixed customers.

For those who do not have access to a staff canteen, they will buy lunch boxes. A lunch box is a styrofoam box containing some rice and a combination of stir-fried meat and vegetable dishes. It can be ordered from small restaurants over the telephone and is delivered to the work place prior to lunch time. Lunch boxes are cheap with prices ranging from RMB 5.00 to RMB 10.00. Although lunch boxes are very popular, customers continually complain about the poor quality and bad taste. Especially noted is the use of too much gourmet powder, which makes one feel sleepy after lunch. The greatest concern is food sanitation. This includes stale food, improperly washed food, improperly cooked food, and cleanliness of utensils. Last summer, all of our office staff members suffered from diarrhea as a result of consuming lunch boxes. Styrofoam boxes and chopsticks are disposable, but it has been revealed that a large percentage of utensils are produced in filthy private mills. As most of the lunch-box makers are street pedlars or small restaurants, they will purchase low quality food and/or utensils at cheap prices so that they can maximize profits. A common question among colleagues is the recommendation of good lunch box restaurants (which are rare).

Of course there are alternatives. One alternative is the traditional Chinese restaurant. Menus are set for business lunches with large refined dishes at RMB 20-40 per plate. These are generally too expensive for individual consumption. Western fast food is another possibility. Hamburgers or fried chicken seem a good choice, but few Shanghainese are accustomed to eating Western food every day and prices are also relatively high. Third, one may go to a small eating house which offers noodles, wantons, or lunch boxes. The food caters to Shanghainese tastes, and the price is reasonable. But again, hygiene is a problem, with concern over whether the utensils have been properly sterilized and the foods have been properly cooked. Furthermore, Shanghainese think these types of dim sum fail to provide enough nutrition. Finally some people decide to bring their own lunch box and warm it in the office's microwave oven later. That means they have to cook it either the day before or in the early morning, which turns out to be very troublesome for the working class.

There is a huge demand for lunch boxes with quality food at a reasonable price. The Japanese convenience chain store, Lawson, has already taken steps to meet demand. In addition to sandwiches and hamburgers, they also offer different types of lunch boxes catering to local tastes, and even help patrons to warm lunch boxes by microwave ovens. Their prices are quite acceptable, only RMB 2-4 higher than normal lunch boxes. Above all, the patrons are assured of adequate hygiene. Lawson's own plastic boxes and chopsticks are used, and the label on each package also gives information like production date, shelf life, ingredients, and the manufacturer. These lunch boxes have become hot items in their 36 Shanghai outlets. As a result, Lawson has now begun to develop more varieties so that customers may have a wider choice.

According to a recent ATO Shanghai/Gallup survey, 11% of Shanghai respondents eat lunch boxes every working day, among which 77% are between age 26-45, 45% have household incomes above RMB 2,000. This means that targeted customers for this market are young working people who wish to take a lunch box which should consist of nutritious, sanitary food of good taste. People would like to pay more, but not much; a majority of people would pay less than RMB 10.00 for a better lunch box.

Dinner:

Dinner is regarded as the most important meal by Shanghainese. Most people enjoy dinner at home which is usually prepared by themselves or retired family members. This is the time for the family to get together and talk about what has happened during the day, while enjoying good food. A typical dinner is usually comprised of rice as the staple food plus between two and four courses of fried Chinese dishes and then soup. Dishes normally include one or two fresh vegetables and one or two meat or fish dishes. These dishes are prepared from what was bought in the morning or during the previous weekend. Chicken and beef are common at the Shanghainese dinner table, but the majority of Shanghainese like pork best. However, with rising incomes, people are eating more river fish, sea fish, shrimp, and prawns.

According to a recent survey, such a dinner will take an average of 2-3 hours to prepare, including purchasing, cooking, and washing. What a nuisance for young working couples after a busy day in the office and a tiring journey home! It is no surprise to find that more than half of the residents hope to simplify cooking for the purpose of saving time and energy. Now 36% of residents are purchasing frozen food and convenience food regularly from supermarkets and/or convenience stores. In 1994, only 5% of households had precooked foods at home, but the figure increased to 20% in 1997.

The “kitchen programme” was launched by the city government to meet this increasing demand for convenience food. The program has been implemented at the food manufacturing and food distribution levels. On the manufacturing side, the city encourages the replacement of traditional small-scale production by large scale intensive manufacturing. Major state-owned Shanghai food groups like the Guanshengyuan Group and the Meilin group have already heavily invested in projects like frozen food, precooked food, microwave food, and health food. Neighboring counties are developing organic food, or in local jargon, “green” food. On the distribution level, the city has been promoting the development of supermarkets, convenience stores, and fast food stores. Supermarkets have mushroomed to nearly one thousand outlets since their debut in 1991. Food sales already comprise 74% of a combined U.S.\$1.2 billion sales in supermarkets last year. On the whole, the “kitchen programme” aims to relieve housewives out of heavy chores and to help those working couples who do not have time or energy to cook. In the long run, it is anticipated that this project and natural economic development will improve the living standards for Shanghainese.

Compared with breakfast and lunch, Shanghainese do not mind spending more money on dinner. Shanghainese wish to use the shortest time to prepare the most nutritious food. Some wise, food-related companies are catching the tide by offering more convenience foods at the supermarket.

In-Between Meals (Snacks)

Unlike Americans, Chinese eat very little between meals. That is because they believe that three meals a day are most important for health. If a child has snacks between meals, more often than not, he could not control himself and will eat too much. As a result he will not take in enough food from the main meals and later will

become unhealthy. So ever since childhood, people do not get into the habit of eating between meals. The only exception is perhaps after dinner while watching TV, some Shanghainese like to have snacks. They will enjoy snack seeds and preserved fruits. These will not be considered to interfere with any meals.

What if one feels hungry before the main meal? Most people will think of the biscuit first, since it is convenient to bring to the work place, easy to fill the stomach, and can be stored for quite a long time. Usually women eat more than men between meals. Women have a wider choice: chocolate, candies, preserved fruits, snack seeds, and ice cream which are not favored by traditional men (men normally do not have a sweet tooth). Children now are taking the lead in eating between meals. Since China has carried out family planning for about twenty years, the spoiled “little emperor” can eat whatever they want between meals. Among their favorites are puffed food, potato chips, ice cream, and chocolate. Therefore, older generations do not eat much between meals, but the rising young generation is eating more and more.

Out of the Kitchen

Sometimes when both husband and wife are tired of cooking at home, they may dine out. It is especially common among high income families. Going to restaurants is certainly not the solution for daily meals. Instead, people would eat out primarily for meetings with friends, birthdays, or wedding anniversaries. Business lunches, a family get-together, and shopping on weekends are also possible occasions to eat out. Those with more disposable money are most likely to frequent restaurants, not only to fill the stomach, but also to enjoy delicious food and the special amenities as well. RMB 70-200 is considered to be the reasonable and acceptable sum to pay for one meal for 2 or 3 persons at a restaurant.

When dining out, more often than not, people would like to choose Chinese restaurants. Chinese cuisine has remained one of the world's best, featuring some special dishes which can not be easily made at home. Youngsters prefer Western fast food outlets, partly because the food caters to their tastes at relatively affordable prices and partly because they like the relaxed atmosphere. The success of KFC and McDonald's has proven the popularity of the Western fast food. Other than that, few people patronize foreign restaurants. Only 7% Shanghainese have eaten at a non-fast food American restaurant. Current available options in Shanghai are the Hard Rock Cafe, Tony Roma's, Malone's, Sasha's, Pizza Hut, and a few American-theme restaurants in internationally-managed hotels. The seemingly high price and lack of interest in fine Western cuisine still dominates attitudes of average middle-class Shanghainese.

Conclusion

As the old saying goes, “we are what we eat.” When studying a market it is better to first study the consumer's mentality. Shanghainese have benefitted from long steady economic growth. Concurrently, they are willing to spend more money on food and look to use less time. The average per capita consumption of food (including eating out) in 1997 was RMB 4,416 (U.S.\$531), nearly 50% greater than the 1994 figure. People are becoming ever more health conscious. In their daily meals, they are eating more nutritious food in line with national standards for protein and vitamin intake. On the other hand, the quickening pace of life makes people rely more and more on convenience food. In the future, the trend towards healthier and more convenient foods in Shanghai will continue to grow. This is good for U.S. food manufacturers, who have gained considerable experience providing healthy, convenient foods to modern-day Americans.